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Capstone in Accounting
- Course in Financial Management

22E99904   **Spring 2021**

Mirel Leino-Haltia   *1.3.2021*
Seppo Ikäheimo

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Who are the lecturers?

Mirel Leino-Haltia
Professor of Practice, PhD, CFA,
Aalto University, Department of Accounting (2019 -)

Current Non-Executive Independent Board Memberships:
Teleste Plc, Board Member, Chair of the Audit Committee 2020 –
LähiTapiola/LocalTapiola Life Insurance, Board Member & Audit Committee Member 2019 –
LocalTapiola Asset Management 2019 –
LocalTapiola Real Estate Asset Management 2019 –
Local Tapiola Alternative Investment Funds 2019 –
Euroclear Finland, Board Member & Audit Committee Chair 2018 -
Finnish Central Securities Depository Fund, Board Member 2018 –
Indufor Ltd. 2019—
Savings Banks Research Foundation/ Säästöpankkien tutkimussäätiö 2020 –

Previous career:
PwC Finland, Partner 2009-2018
PwC Finland, Management consultant, Project Manager, Team Leader 2000-2009

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Who are the lecturers?

Seppo Ikäheimo

Professor in Accounting (Corporate Governance)

Doctorate from Turku School of Economics (Finland)
**   in 1996 on "Communication in the Share markets"**
Vice-dean (teaching and learning) 2013-2016
Head of Department (Accounting) 2017-2019
For further information:
https://people.aalto.fi/seppo.ikaheimo
Recent research interests:
- **Corporate governance – board work, ownership, compensation, financial reporting**
- **M&A**
- **Innovations**

Some other:
- **Board member, Pörssisäätiö, Nevas Group**
- **Member of Takeover board**
- **Member of EPSAS Finland Working Group**
- **Member of EAA Education Committee**

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What is a Capstone course?

The course is designed to improve career preparation and pre-professional development of accounting majors; i.e., to facilitate the transition from the academic to the professional world.

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Our capstone for Accounting majors

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FINANCIAL MANAGEMENT
AREAS OF COMPETENCE

- Treasury and cash management
- Accounting and Financial Statements
- Taxation
- Planning, controlling and reporting
- IT systems
- Corporate governance
- Strategy

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However …

Current "Hot topics" seem to focus on items little covered in our regular curriculum

- Big data / Data analytics
- Open data / MyData
- AI / Robotics
- Cloud services
- Shared service centers

However …

- Our Capstone course has also proven that
  - Accounting majors will encounter tasks and projects which are outside the "area of comfort" of classical financial tasks
    - *Market(ing) research*
    - *R&D*
    - *Non-profit organizations*
    - *…*

A couple of examples from last courses

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Award dinners – 2018/2019

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Timetable

1.3	08.15-11.00	Online	Introduction
5.3	12.15-16.00	Online	Case company presentation
12.3	12.15-16.00	Online	Initial thoughts/Project plan
26.3	08.15-11.00	Online	Interim teams SI
	12.15-15.00	Online	Interim teams ML
9.4	08.15-11.00	Online	Final teams SI
	12.15-15.00	Online	Final teams ML

APRIL: FINAL PRESENTATIONS TO CASE COMPANIES!

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Course rules

Participation in all sessions is mandatory and will be controlled

However, teams need to participate only in the sessions where they themselves present

- *In practice, each student has only 4 common sessions!*

Each absence, even with a pre-agreed good reason may lead to additional work

- Multiple absences will lead to failure to complete the course
- In case additional work is undone by the time of final external presentation, no credit is given for the course

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Working with the instructors

ML and SI will both manage 3 teams

Each team has to schedule at least one hour meeting between introduction and first interim presentation, and one meeting between first and second interim presentation with the instructor.

Both of us are also available as needed.

Instructors will participate (at least) in the kick-off and final meeting with the case company

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Assignment work

The course will be completed as a 3-4 student group assignment for a case partner. Focus will also be on presentation skills.

There will be four class presentations
- Case company presentation – getting acquainted with the case (5.3)
- Initial thoughts / project plan (12.3)
- Interim reports I and II are both process reports (26.3 and 9.4)
- Interim II should preferably be as close to the final company presentation as possible

Final presentation to the case organization is the <u>final and most important stage</u>

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Teams

The teams will be formed randomly, as you will not be able to choose the people you work with in the future either

Common sense can and should be used in choosing project language

Get organized!

Deliverables

Final presentation and a separate report to the partner (in their office) are the culmination of the course

Typical deliverables
- Approximately 20-30 minute ppt-presentation
- Final report (Word / PowerPoint –document)

Course assessment

1   Business knowledge

2   Problem-solving skills

3   Ability to communicate and collaborate in diverse
     professional contexts

4   Project management

Each area will be assessed on a scale 1 to 5, however, course
grading does not need to be an average of these assessments

Individual contribution can impact personal grading

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List of cases

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List of cases

Azets (ML)

Boardman (ML)

Calqulate (ML)

Functos (SI)

Green Carbon (SI)

Vantaan kaupunki (SI)

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Case Azets Insight

Azets Insight Ltd.

- Azets is a technology-driven knowledge company with Nordic roots. We provide flexible financial and administrative services to a wide range of businesses. Backed by data, technology and insights, highly skilled people reduce hassle and add more value to Azets' customers.
- Azets is part of CogitalGroup – an international business services group.
- Azets Insight's services in Finland consists of
  - Accounting services
  - HR services
  - Payroll services
  - Leadership services

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AZETS

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ASSIGNMENT

Finance & Accounting services for micro companies (Turnover less than 500.000€/ year) are getting automated at a fast pace. In addition to the automation, self-service is increasing. Hence, the portion of the price based on the service delivered is decreasing.

Currently, the average billing of an accounting firm in the micro company segment is lower than 2000€/year/company. Less than 50% of that billing is IT system fee. The accounting firm gets a sales commission based on the turnover.

Usually, the IT systems include the following functionalities: Bookkeeping, statutory reporting, light management reporting, payroll, purchase invoice approval, sales invoice sending, payment transactions. (Not e.g. inventory accounting or other ERP functionalities).

Would it be beneficial for Azets to program its own IT system or continue with the current model, where micro clients are served with IT systems provided by other parties? How are various aspects impacting the analysis?

- **Contact person:** Janne Blomqvist, Director Accounting Services
- **Kick off:** Thursday 4 March at 15.30 hrs at Google Meet

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Case Boardman

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Boardman

- Boardman Ltd is a leading non-profit network, developing active ownership and board work competences in Finland. Boardman is an esteemed and influential platform where owners, entrepreneurs, business leaders, management and board members share business ideas, views and experiences.
- The Boardman network is managed by Boardman Ltd., owned by 60 partners.
- All partners have extensive and diverse experience in company ownership, board work, business management as well as in academic research in Finland and abroad. For more information: https://www.boardman.fi/

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BOARDMAN

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ASSIGNMENT

- Strategic Foresight Best Practices for the Board of Directors and Management Team
- The COVID-19 crisis has shaken the world, setting in motion cascading waves of change with a wide range of possible ways. While it is impossible to predict the future, strategic foresight offers the tools for successful policy making in the face of high uncertainty.
- This involves exploring and preparing for a diversity of possible developments in order to future-proof strategies, identify new potential opportunities and challenges, and design innovative ways of improving companies' capabilities to operate under rapidly evolving circumstances. Boardman's goal is to publish a publication about the best practices of foresight by the end of 2021.
- The results of this assignment might be used in the publication. The information will be gathered from experienced board members, managing directors and other experts in the field that operate in Boardman's network.

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ASSIGNMENT (continues)

- The goal is to produce a review about the foresight best practices in the Finnish companies especially from the board work perspective. The assignment includes:
  - writing a literature review on the topic,
  - 10-15 online interviews with experienced specialist in the field (Boardman will provide the contact and help with the scheduling) and
  - participating on the planning of the separate survey on the topic, that will be sent to Boardman network and analysing and writing a summary of the results.
  - Boardman's Communication Coordinator Julia Ruotsi (julia.ruotsi@boardman.fi) will assist the team in every phase of the project and help them to contact the partners and implement the survey. The kick-off with Boardman is on 4 th of March 2 pm in Teams.

- **Contact person: Julia Ruotsi, Boardman**
- **Kick off:** on Thursday 4th of March 14.00 hrs in Teams.

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Case Calqulate

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Calqulate

Calqulate's financial analytics platform helps startups and growth companies understand their current and future business performance to **achieve faster growth.** We do this by combining all key subscription metrics, cashflow management and financial forecasts to **a single, easy-to-use platform.**

With these **forward-looking insights,** SaaS and subscription companies can **plan ahead and make better decisions** to keep their business locked into the **fast-growth trajectory.**

ASSIGNMENT

Calqulate has succeeded in creating KPI's and for SaaS companies

- Plug-and-play connectors to accounting systems
- CRM and marketing platforms
- KPIs used for sales
- Financial and cashflow forecasting
- Automated reporting to investors

Create e-commerce KPIs and financial reporting package for Calqulate. More info) Calqulate.io

The team will learn to be expers in Start-up and e-commerce financial KPI's

- **Contact person**: Niko Laine, CEO & CFO
- **Kick off**: on Thursday 4 March at 17.00 hrs at Zoom

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Case Functos

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Functos Ltd.

- Functos's main services are Integrated Data Reporting, Investor Relations and Financial & Sustainability Communications
- Our Integrated Data Reporting solutions enable top-tier companies to
  - discover and model strategic, data-based value creation processes and their overall maturity
  - lead strategically company's integrated, synergetic data assets and data capital
  - Communicate internally and externally regarding financially sound and business-wise, fair and sustainable use of data and digital capabilities
- Functos' vision is to become a key player in identifying and communicating value creation models in the data economy
- The main businesses of Functos consists of advisory and expert services for CXO-level managers.

  https://www.functos.fi/

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AV AZETS

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ASSIGNMENT

Yritysten ja niiden liiketoimintojen arvonmuodostumisessa data luo merkittävän arvon lähteen. Siksi on tärkeää tarkastella, minkä arvoiseksi yrityksen data voi muodostua. Datan arvon määrittämisessä on käytetty markkina-, kustannus- ja tulopohjaisia menetelmiä. Yrityksen johtamisessa juuri tulopohjainen, tulevaisuuteen keskittyvä tarkastelutapa on keskeinen.

Tulopohjaisessa tarkastelussa datan käyttö eri käyttötarkoituksiin luo sekä liiketoimintamahdollisuuksia että liiketoimintariskejä. Lisäksi on otettava huomioon, että datan tuotannosta, hankinnasta ja hyödyntämisestä aiheutuu kustannuksia.

- **Contact person: Mikko Merisaari (primary in this case) and Taneli Hassinen, osakkaat**
- **Kick off: March 3rd, 10 am – 11 am, at Teams**

Avainkysymykset:
1) Kuinka valitsemanne liiketoiminta käyttää datapääomia määritellyssä käyttökontekstissa. Käyttökonteksti tarkoittaa yksilöityä datatuotetta, -palvelua tai prosessia.
2) Mitkä ovat datan käyttöön tietyssä käyttökontekstissa liittyvät mahdollisuudet, riskit ja kustannukset sekä niiden mallintamisessa keskeiset tietotarpeet ja epävarmuustekijät?
3) Mikä on näiden mahdollisuuksien, riskien ja kustannusten taloudellinen vaikutus arvonluonnissa. Miten tietoa hyödynnetään strategisessa päätöksenteossa, investoinneissa tai koko liiketoiminnan arvonmäärityksessä?

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Case Green Carbon

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Green Carbon Ltd.

- Green Carbon provides carbon footprint accounting and reporting services for global customers.
- Our solutions help organizations to measure and control their climate impact but also gain competitive advantage.
- Our vision is to make manufacturers and brand owners compete against each other for doing the most climate friendly business.
- The main businesses of Green Carbon consists of
  - Carbon footprint calculations and analysis
  - Software development for climate reporting solutions
  - Carbon mitigation projects

www.greencarbon.fi

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ASSIGNMENT

Carbon emission has been the main challenge in global warming and private firms are key players in reducing carbon emissions. Each firm has its own carbon emission footprint but they may have a broader effectiveness on carbon emissions. Firms may share their best practices, show a role model for others or lobby for regulation. Some of these effects are possible to quantify or even monetize while others are more qualitative in nature.

The resources, both human and financial, need to be allocated efficiently for reducing carbon emissions and stakeholders hunger for such an information.

Identification, measurement, registration and communication of firm carbon emission footprint is pivotal for sustainable future. Firms and it's stakeholders need this information for accountability and decision making purposes.

The assingment comprise of two parts:

1) How to make corporate carbon footprint data comparable across firms and industries?
2) Would it be possible to consider broader effectiveness of firms?

- **Contact person: Matti Toivonen, CEO**
- **Kick off: March 3rd, 9 am – 10 am, at Teams**

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Case Vantaan kaupunki

Vantaan kaupunki: Uusi Vantaa - johtamisjärjestelmän muutos 2018-2020*

Uudistuksella tavoitellaan kaupunkia

- jossa kaupunginvaltuuston hyväksymä strategia näkyy yhä paremmin johtamisessa ja toiminnassa,
- jossa kaupunkikonsernia johdetaan yhtenä kokonaisuutena,
- jossa pystytään ketterästi muuttamaan toimintatapoja,
- joka ottaa aktiivisesti asukkaitaan, työntekijöitään ja sidosryhmiään mukaan suunnittelemaan, tekemään ja arvioimaan yhteisiä asioita,
- jolle kumppanuudet ovat entistä tärkeämpiä,
- joka on jatkossakin kansallisesti ja kansainvälisesti kiinnostava ja kilpailukykyinen ja
- joka on löytänyt omat tehtävänsä, toimintatapansa, roolinsa ja suuntansa maakunta- ja sote-uudistuksen vaikutusten jälkeen.

*https://www.vantaa.fi/instancedata/prime_product_julkaisu/vantaa/embeds/vantaawwwstructure/153757_Uusi_Vantaa_-muutostukimalli.pdf

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Uudistuksen toteutus

- Muutosprosessi toteutettiin osallistuttavalla mallilla, jossa Vantaan kaupungin toimialat ja palvelualueet rakensivat kaupungin johdon tuella uudet toimintamallinsa ja sen mukaiset organisaatiorakenteet, jotka astuivat voimaan vuonna 2020.

- Ennakoidusta sote-uudistuksesta johtuen sosiaali- ja terveydenhuolto oli poissuljettu muutosprosessista.

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TOIMEKSIANTO

Ryhmän tehtävänä on arvioida miten muutosprosessi onnistui. Koska uusi toimintamalli on vielä varsin nuori, fokuksena on nimenomaan itse muutosprosessi, tulemien arvioinnin kannalta kokemusten määrä on todennäköisesti vielä liian rajallinen selkeitten johtopäätösten tekemiseksi.

Tutkimuksessa tulee olla myös vertaileva näkökulma, koska on tiedossa, että toteutukseen suhtauduttiin hyvin eri tavoin organisaation eri osissa.

Toimeksianto tullaan toteuttamaan haastattelututkimuksena, jossa Vantaan kaupunki valitsee n. 40 henkilöä eri toimialoilta ja organisaation eri asteilta.

Ryhmällä on käytössään runsaasti taustamateriaalia: Muutosprosessin dokumentaatio; Toimialojen/palvelualueitten johtamisjärjestelmien kuvaukset (valmistuvat tammikuussa 2021); Työterveyslaitoksen hyvinvointitutkimus / Kunta 10, vuonna 2020 toteutettu henkilöstökysely, joka sisälsi myös kysymyksiä liittyen johtamisen muutokseen; Johtamisjärjestelmän laadun arviointi, tuore webropol –kysely; Vantaan kaupungin strategiasuunnitelmat ja muu julkinen materiaali.

Yhteyshenkilöt: Hilma Aminoff, Kehittämispäällikkö (hilma.aminoff@vantaa.fi)

Kirsi-Marja Lievonen, Henkilöstö- ja konsernijohtaja (kirsi-marja.lievonen@vantaa.fi)

Aloitus: Torstaina 4.3 kello 9:00 – 10:00 Teamsissä.

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Team formation and project selection

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Project selection

- Each team has 15 minutes of time to come out with a preference list of cases
- If the list is incomplete, the team will receive the last remaining case
- Instructors will use AI to pair teams and cases. The outcome will be announced after break today.
- ML and SI will provide further info to teams after allocation of cases

Remember, each one of the cases is unique and fascinating in its own manner. Please consider your personal interests

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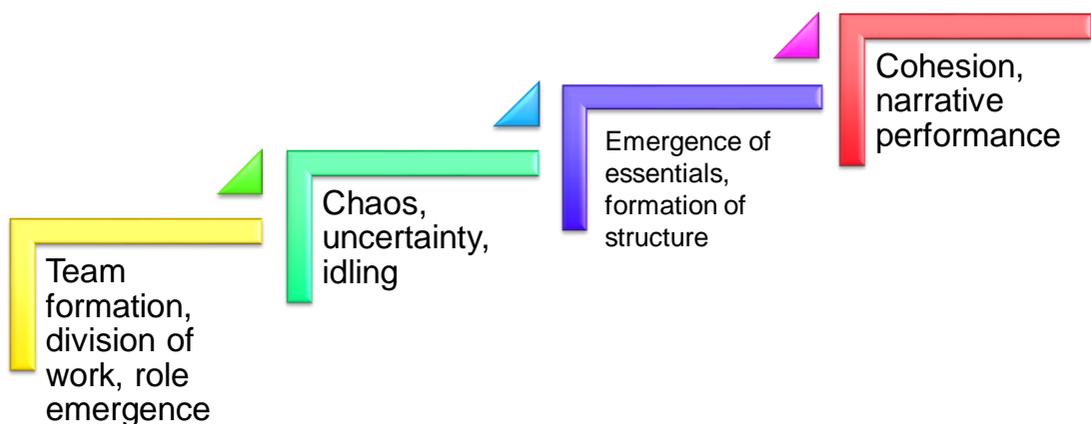School of Business

Project management

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Project evolution

1. **Identify the problem, relevant information sources and limitations**
2. **Search alternative interpretations and find creative links between facts**
3. **Prioritize essential observations and dare to make conclusions**
4. **Think trough the route from your conclusions to workable recommendations**
5. **Create a narrative that you can communicate convincingly**
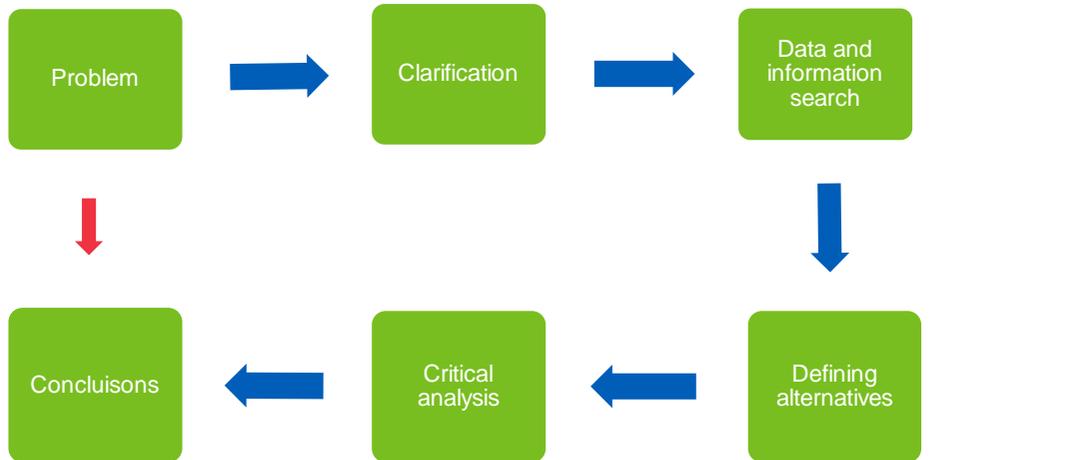
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Practical observations of Capstone projects

Team formation, division of work, role emergence

Chaos, uncertainty, idling

Emergence of essentials, formation of structure

Cohesion, narrative performance

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About risks: System 1 and System 2
(Kahneman)

```
Problem → Clarification → Data and information search
   ↓                              ↓
Concluisons ← Critical analysis ← Defining alternatives
```

Managing teams

- **There is no one way of managing teams**
  - Depends of subjects, instructor and team dynamics
  - Discussion is the prime tool for managing
    - *Target is to get everybody participating so that "grey braincells move"*
- **Team meetings need to be prepared well**
  - Behind open discussions must be a framework, target and tools to reach it
  - Both the team and instructor enter meetings with high expectations
- **Instructors essential task is to ensure focus**

Small <u>team</u> benefits in learning

- **Flexibility**
  - Instructing can be adjusted to team personalities and situation dynamics
  - At best, small team learning not only facilitates learning but helps participants personal evolution as a member of her/his own work teams
- **Interactivity**
  - Responsibility for learning is <u>both</u> with instructor <u>and</u> team members
- **Participation**
  - In small teams you cannot avoid responsibility
  - Instructors must ensure that also the introverts are being heard

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Practical observations

- **Instructor does not need to know all**
  - Co-learning can be soothing for teams
  - Most of times, there are no simple solutions for complex problems
- **If team members do not communicate, the instructor has a problem**
  - However: Allow time for evolution
- **Differing views are richness in team work**
  - Internal arguments usually improve outcome quality

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Most questions are open ended

- **You cannot provide a comprehensive definition of the problem**
- **Alternative solutions are plenty**
  - Even specialists have different opinions
- **Incomplete information leads to different understandings**
- **Solutions may lead to unexpected outcomes**
- **There is no certainty you are right**
- **Often solutions are situation-specific and change over time**

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Some thoughts about presen-tations

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Performance on front stage

Performances take place on "frontstage", where we address a particular audience and where our identity as a particular type of person is at stake.

As actors typically interact with different sets of audiences (e.g. colleagues at work, customers, state agents, friends, etc.),

- *they will make different performances, depending on the types of standards, values, or aspirations that are at stake in the relationship at hand.*
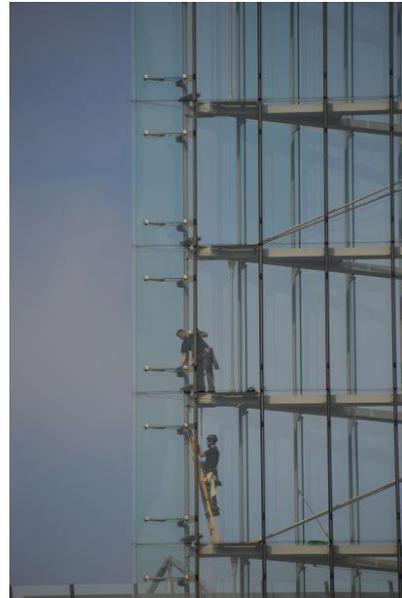
Goretzki, L., & Messner, M. (2019). Backstage and frontstage interactions in management accountants' identity work. *Accounting, Organizations and Society*, *74*, 1-20.

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Backstage (working with instructors)

Back region is "the place where the performer can reliably expect that no member of the audience will intrude"

• prepare the performance or
• discuss afterwards how it went

In this protected space they also share and reflect upon negative experiences and episodes of unsuccessful self-presentation or non-conformation of their aspirational identity.

Goretzki, L., & Messner, M. (2019). Backstage and frontstage interactions in management accountants' identity work. *Accounting, Organizations and Society*, *74*, 1-20.

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Next steps

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Next steps

- **Friday 5.3. each team must make a short (10-15 minutes) <u>general presentation of their case company</u>**
  - About 4-5 slides – which typically include
    - *Basic facts – why does this company/organization exist*
    - *Team motivation – why is this case interesting*
    - *Key financials*
    - *SWOT*

> *Please file presentations to MyCourses at the latest in the beginning of each lecture*

- **Kick-off meetings with the case companies according to schedule**
- **Presentation of <u>Initial thoughts/Project plan</u> Friday 12.3**
  - 10-15 minutes per team

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Contacts with your supervisor

Each group create WhatsApp teams with supervisor (ML or SI)

In order to create a group you need phone numbers:
- **Mirel: 050 520 8227**
- **Seppo: 050 505 4990**
- **And your own phone numbers!**

Questions?